

## Registre de Commerce et des Sociétés

Numéro RCS : B44683

Référence de dépôt : L160154738

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RCSL Nr. : B44683

Matricule : 1993 2208 183

eCDF entry date : 12/07/2016

## BALANCE SHEET

Financial year from <sup>01</sup> 01/01/2015 to <sup>02</sup> 31/12/2015 (in <sup>03</sup> EUR )

ENOVOS LUXEMBOURG S.A.

2, Rue Thomas Edison  
L-1445 Strassen

## ASSETS

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>			
I. Subscribed capital not called	1101 _____	101 _____	102 _____
II. Subscribed capital called but unpaid	1103 _____	103 _____	104 _____
	1105 _____	105 _____	106 _____
<b>B. Formation expenses</b>	1107 _____	107 _____	108 _____
<b>C. Fixed assets</b>	1109 _____	109 <u>582.055.664,00</u>	110 <u>588.984.816,00</u>
I. Intangible fixed assets	1111 _____	111 <u>62.550.132,00</u>	112 <u>84.444.768,00</u>
1. Research and development costs	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 <u>56.956.380,00</u>	116 <u>80.359.268,00</u>
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 <u>56.956.380,00</u>	118 <u>80.359.268,00</u>
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 <u>2.625.000,00</u>	122 <u>3.000.000,00</u>
4. Payments on account and intangible fixed assets under development	1123 _____	123 <u>2.968.752,00</u>	124 <u>1.085.500,00</u>
II. Tangible fixed assets	1125 _____	125 <u>112.045.897,00</u>	126 <u>107.289.827,00</u>
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

The notes in the annex form an integral part of the annual accounts

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	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	109.866.023,00	1.343.067,00
4. Payments on account and tangible fixed assets under development	1133	2.179.874,00	105.946.760,00
III. Financial fixed assets	1135	407.459.635,00	397.250.221,00
1. Shares in affiliated undertakings	1137	325.156.992,00	327.768.492,00
2. Amounts owed by affiliated undertakings	1139	41.627.256,00	34.604.802,00
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141	22.488.051,00	14.491.148,00
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143	17.725.000,00	20.380.279,00
5. Securities and other financial instruments held as fixed assets	1145		
6. Loans and claims held as fixed assets	1147	462.336,00	5.500,00
7. Own shares or own corporate units	1149		
<b>D. Current assets</b>	1151	402.406.615,00	423.486.232,00
I. Inventories	1153	47.376.773,00	32.059.862,00
1. Raw materials and consumables	1155	47.376.773,00	32.059.862,00
2. Work and contracts in progress	1157		
3. Finished goods and merchandise	1159		
4. Payments on account	1161		
II. Debtors	1163	320.246.396,00	369.038.432,00
1. Trade receivables	1165	138.378.051,00	179.540.745,00
a) becoming due and payable within one year	1167	138.378.051,00	179.540.745,00
b) becoming due and payable after more than one year	1169		
2. Amounts owed by affiliated undertakings	1171	179.220.963,00	175.144.218,00
a) becoming due and payable within one year	1173	179.220.963,00	175.144.218,00
b) becoming due and payable after more than one year	1175		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	1.498.311,00	13.018.409,00
a) becoming due and payable within one year	1179	1.498.311,00	13.018.409,00
b) becoming due and payable after more than one year	1181		

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	Reference(s)	Current year	Previous year
4. Other receivables	1183	183 1.149.071,00	184 1.335.060,00
a) becoming due and payable within one year	1185	185 1.127.071,00	186 1.314.060,00
b) becoming due and payable after more than one year	1187	187 22.000,00	188 21.000,00
III. Transferable securities and other financial instruments	1189	189 888.609,00	190 2.361.741,00
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191	191	192
2. Own shares or own corporate units	1193	193	194
3. Other transferable securities and other financial instruments	1195	195 888.609,00	196 2.361.741,00
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197	197 33.894.837,00	198 20.026.197,00
<b>E. Prepayments</b>	1199	199 33.493.700,00	200 31.209.512,00
<b>TOTAL (ASSETS)</b>		201 1.017.955.979,00	202 1.043.680.560,00

**LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
	1301 _____	301 <u>396.478.631,00</u>	302 <u>394.712.302,00</u>
I. Subscribed capital	1303 _____	303 <u>119.224.100,00</u>	304 <u>119.224.100,00</u>
II. Share premium and similar premiums	1305 _____	305 <u>122.458.503,00</u>	306 <u>122.458.503,00</u>
III. Revaluation reserves	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>73.022.410,00</u>	310 <u>73.022.410,00</u>
1. Legal reserve	1311 _____	311 <u>11.922.410,00</u>	312 <u>11.922.410,00</u>
2. Reserve for own shares or own corporate units	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves	1317 _____	317 <u>61.100.000,00</u>	318 <u>61.100.000,00</u>
V. Profit or loss brought forward	1319 _____	319 <u>56.391.530,00</u>	320 <u>126.444.705,00</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>1.766.329,00</u>	322 <u>-70.053.175,00</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
IX. Temporarily not taxable capital gains	1327 _____	327 <u>23.615.759,00</u>	328 <u>23.615.759,00</u>
<b>B. Subordinated debts</b>	1329 _____	329 _____	330 _____
1. Convertible loans	1413 _____	413 _____	414 _____
a) becoming due and payable within one year	1415 _____	415 _____	416 _____
b) becoming due and payable after more than one year	1417 _____	417 _____	418 _____
2. Non convertible loans	1419 _____	419 _____	420 _____
a) becoming due and payable within one year	1421 _____	421 _____	422 _____
b) becoming due and payable after more than one year	1423 _____	423 _____	424 _____
<b>C. Provisions</b>	1331 _____	331 <u>24.192.386,00</u>	332 <u>24.725.551,00</u>
1. Provisions for pensions and similar obligations	1333 _____	333 <u>4.312.682,00</u>	334 <u>3.867.171,00</u>
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 <u>19.879.704,00</u>	338 <u>20.858.380,00</u>
<b>D. Non subordinated debts</b>	1339 _____	339 <u>593.241.356,00</u>	340 <u>612.689.976,00</u>
1. Debenture loans	1341 _____	341 _____	342 _____
a) Convertible loans	1343 _____	343 _____	344 _____
i) becoming due and payable within one year	1345 _____	345 _____	346 _____
ii) becoming due and payable after more than one year	1347 _____	347 _____	348 _____

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	Reference(s)	Current year	Previous year
b) Non convertible loans	1349 _____	349 _____	350 _____
i) becoming due and payable within one year	1351 _____	351 _____	352 _____
ii) becoming due and payable after more than one year	1353 _____	353 _____	354 _____
2. Amounts owed to credit institutions	1355 _____	1.096,00	2.402,00
a) becoming due and payable within one year	1357 _____	1.096,00	2.402,00
b) becoming due and payable after more than one year	1359 _____		
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361 _____		
a) becoming due and payable within one year	1363 _____		
b) becoming due and payable after more than one year	1365 _____		
4. Trade creditors	1367 _____	190.682.254,00	249.664.366,00
a) becoming due and payable within one year	1369 _____	190.682.254,00	249.664.366,00
b) becoming due and payable after more than one year	1371 _____		
5. Bills of exchange payable	1373 _____		
a) becoming due and payable within one year	1375 _____		
b) becoming due and payable after more than one year	1377 _____		
6. Amounts owed to affiliated undertakings	1379 _____	291.148.381,00	251.271.711,00
a) becoming due and payable within one year	1381 _____	89.716.981,00	31.981.711,00
b) becoming due and payable after more than one year	1383 _____	201.431.400,00	219.290.000,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	1.952.354,00	1.255.045,00
a) becoming due and payable within one year	1387 _____	1.952.354,00	1.255.045,00
b) becoming due and payable after more than one year	1389 _____		
8. Tax and social security debts	1391 _____	8.504.299,00	7.560.375,00
a) Tax debts	1393 _____	7.856.172,00	6.910.102,00
b) Social security debts	1395 _____	648.127,00	650.273,00

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	Reference(s)	Current year	Previous year
9. Other creditors	1397 _____	397 <u>100.952.972,00</u>	398 <u>102.936.077,00</u>
a) becoming due and payable within one year	1399 _____	399 <u>12.713.195,00</u>	400 <u>1.175.725,00</u>
b) becoming due and payable after more than one year	1401 _____	401 <u>88.239.777,00</u>	402 <u>101.760.352,00</u>
<b>E. Deferred income</b>	1403 _____	403 <u>4.043.606,00</u>	404 <u>11.552.731,00</u>
<b>TOTAL (LIABILITIES)</b>		405 <u>1.017.955.979,00</u>	406 <u>1.043.680.560,00</u>

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Déposé le 10/08/2016

Annual Accounts as at 31<sup>st</sup> December 2015  
Enovos Luxembourg S.A.  
Société Anonyme

2, Domaine du Schlassgoard  
L-4327 Esch-sur-Alzette  
R.C.S. Luxembourg: B44683

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## Management report

Overall 2015 has been a year with many challenges, and 2016 is expected to evolve in a similar direction. While at EU-28 level, the current forecasts is pointing out a GDP growth of 1.9%, the spectre of the debt crisis in the countries of the Southern Periphery of the EU has lost much of its sting and took a back seat to issues surrounding either geopolitical challenges (e.g. refugee crisis, Ukraine, Syria) or world economy issues (China slowdown, turnaround in US interest rates).

Worries about a worsening of the economic outlook in Germany have not materialized, with predictions for 2015 holding steady at, or slightly above, 2014 levels. Regarding national drivers, no substantial downside risk is observable, with domestic consumption holding steady, due to the low inflation environment and low costs of consumer debt. Internationally, the slowdown in China and the developing countries could hurt demand for some of Germany's key export goods, but the extent of "correction" in the Chinese economy is hitherto unknown.

The average of growth forecasts for 2015 for Germany, disregarding the highest and lowest outliers, is 2.3% with a range of 1.6 - 3.0%, quite a bit higher than last year's forecast (then: 1.3% - 1.9%).

Luxembourg seems to cope better than predicted with structural readjustments to its business ecosystem with strong job generation and net exports (mainly of services) increasing. Cheap credit conditions are also fuelling private spending. GDP growth for Luxembourg is lower than 2014, being forecast at 3.7% for 2015 (above last year's forecast), with prognoses pointing to 3.4% for 2016.

While the operational results of Enovos Luxembourg S.A. show a good performance in 2015, the Company's net result is heavily impacted by a number of exceptional impairments of conventional and renewables assets. Nevertheless, the net profit remains positive with 1.8 MEUR.

The German energy market is still highly competitive impacting negatively the operational results of the German entities. Sales Gas volumes have decreased by 9% % (11,5 TWh in 2014 to 10,4 TWh in 2015) while electricity sales could almost be stabilised (11,6 TWh in 2014 to 11,5 TWh in 2015).

### Highlights

#### *Sales*

The total sales of electricity of Enovos Luxembourg S.A. could be stabilised on a high level with a slight increase in 2015, from 16.4 TWh in 2014 to 16.7 TWh in 2015 (+0,3 TWh).

Total sales of natural gas of Enovos Luxembourg S.A. have decreased from 27.0 TWh in 2014 to 22.4 TWh in 2015 (-4.6 TWh) which is mainly driven by Luxemburgish industrial clients as well as less supply to power plants (i.e. Twinerg). The intensified competition on the German market also resulted into shrinking natural gas sales. This could be partially compensated by additional sales to French clients.

In a challenging commercial environment with increased international competition on the industrial segment, Enovos Luxembourg S.A. managed with its dedicated commercial team of energy specialists to maintain its market share and consolidate its customer portfolio in Luxembourg. New products and services developed by the Company's Energy Solutions & Services department have been added to the classical commodity portfolio of electricity & gas, further increasing customer proximity by creating added value for the industrial and professional clients and differentiated as such from competition.

## *Energy Solutions & Services*

Following the strategy Vision 2020, Enovos Luxembourg S.A. has created in January 2014 the Energy Solutions & Services department bringing together all products and services development activities existing so far, a platform to successfully move towards new business fields. Given the current difficult environment in the energy sector, Enovos Luxembourg S.A. believes that new sources of growth and revenue will be playing an essential role for a sustainable development of the Company.

Three elements are at the centre of this strategy: the legal obligations regarding energy savings (European Directive on Energy Efficiency), customer loyalty measures to secure and improve the relationship with the customer and innovation in order to develop new and profitable business next to the traditional supply of power and natural gas. The Energy Solutions & Services department has the responsibility to develop the products and services to address these three areas mainly in the fields of Eco-Mobility, Energy Efficiency, Smart Application & IT and Distributed Energy Systems.

During the year 2015 first new products have been developed and successfully launched like enoheat gas, enoprimes and nova naturstrom 2.0, for the latter the Company received the Environmental Award 2015, category local renewables, from the Business Federation Luxembourg.

In 2015, Enovos established a joint venture with Post Luxembourg S.A., called Active SmartHome S.A. The new company will give Luxembourgish customers a unique access to various intelligent services, such as energy and heating management, security and surveillance of the home or remote control of various appliances.

## *Energy Management & Trading*

Since the beginning of 2015 both the "Portfolio Management & Energy Sourcing" and "Trading and Origination" department have been merged into one single division "Energy Management and Trading" (EMT). This allows (i) an optimal monitoring and management of the entire "midstream" activities and risks along the value chain gas and power, (ii) a better integration of trading market access for mid and long term energy procurement, (iii) better understanding and communication between Trading, Portfolio Management and Energy Sourcing to find cost effective procurement, trading and optimization solutions and (iv) improved knowledge sharing along the value chain, enhanced operational excellence and enhanced cost control.

The EMT division consists out of 5 units, (i) Trading and Optimisation Power (TOP), (ii) Trading and Optimisation Gas (TOG), (iii) Pricing, Portfolio & Asset Management Power (PPAP), (iv) Pricing, Portfolio & Asset Management Gas (PPAG) and (v) Origination and Infrastructure (O&I).

The former Back Office and Middle Office activities have been transferred to "Risk, Modeling and Post Trade Processing" which controls all risk processes, assures a central price database, does the computation of the hourly and daily price forward curves, assures compliances with new regulation requirements (EMIR, REMIT) and issues independent reports on EMT book structures and open positions.

EMT has and will continue to review its organization to assure a cross commodity harmonization of pricing, portfolio management, IT systems, cost control and value creation.

The gas and power trading desks of Enovos Luxembourg S.A. assure a window to the global wholesale commodity and energy-related markets, in both their physical and derivative forms, including power, gas, oil, coal and carbon. Their core business is to provide liquidity and profitable market access to support the portfolio structuring and hedging activities and to do some limited proprietary trading. Continuous efforts will be made to maintain the most adapted market access with an extensive base of EFET counterparts, exchanges and brokers.

In addition and to respond to a changing market environment, Enovos Luxembourg S.A. has developed 24/7 teams that are mainly active in day ahead and intraday trading and operations so to anticipate balancing costs, to manage flexible assets and to arbitrate markets.

The operational integration of our TOG teams in Germany and Luxembourg will continue to add substantial value by developing and managing pooling, control energy and out-off office hours gas optimization activities.

The development of Trading Solutions and Services (TSS) is a potential additional value driver within EMT. Since more and more power clients possess own power generating facilities like wind and solar, TOP will, together with Sales, develop and implement the appropriate internal procedures and external Trading Services and Solutions to respond to these new opportunities.

Rigorous mathematical models were and will continue to be implemented to improve our risk assessment, asset valuation and transfer pricing and to assess risks from a consolidated portfolio perspective. Mathematical models have, without doubt, led to a better understanding, management and anticipation of our power and gas portfolio exposures.

In 2015 EMT integrated almost all gas activities into one unique IT system and improved automated gas activity reporting. Client web interfaces will automate the interaction between clients, Sales and PPAG. A similar approach for Power is being worked on and is expected to go live first half of 2016.

All natural gas storages are being monitored and used on a coordinated group level to balance natural gas positions in Germany, France, Belgium, the Netherlands and Luxembourg, to participate in Balancing Energy (Regelenergie) and for arbitration purposes. This storage development has enabled Enovos to reduce its required flexibility in long term contracts.

With respect to the cross border transport capacities, successful efforts were done and need to be continued to optimize and reduce the recurrent costs of idle or un-used capacities.

Enovos Luxembourg S.A. has legal ownership of all long- and midterm supply contracts and is the sole point of contact towards gas and power suppliers in the Enovos Group. This streamlining assures a consistent communication towards the suppliers and a clear allocation of responsibilities regarding renegotiations of long term contracts in accordance with group-wide portfolio needs.

All natural gas and power deliveries are taking place at physical trading hubs, which allow us to better physically manage portfolio positions and to secure supply deliveries.

## *Renewable Energies*

In 2015 the focus of all RE activities has been on the Olympia 2 project with the objective to make a complete technical, financial and legal review of all assets in the portfolio as well as defining optimized processes and procedures for asset management and project development. Immediately after the conclusion of the Olympia 2 project in September 2015, the implementation of the Olympia 2 action plan started in parallel with an in-depth review of the RE strategy defined in November 2014 that was performed by the RE department with the support of Corporate Development and Strategy department.

In line with its "dark green" vision, in which "Enovos Luxembourg S.A. will play a prominent role in the green energy transition by acting as an industrial player developing and operating RE assets, leveraging on operational excellence and providing its customers with power from own green generation while creating value for its shareholders", the revised strategy consists now of 2 main pillars, being the growth of its own green asset base on one side, and the growth of Enovos' O&M service for 3<sup>rd</sup> parties and own assets on the other side.

The growth of the existing green asset base will be limited to Onshore Wind and photovoltaic (PV) and the geographical focus will stay on France, Germany, Belgium and Luxembourg. While in Luxembourg, Belgium and Germany, Enovos Luxembourg S.A. can build upon existing in-house development capacities and continue or reactivate development of existing project pipelines, Enovos Luxembourg S.A. will resume in 2016 in France the discussions initiated in 2014 with small- to medium-size project developers to get fast access to already existing pipelines with projects in various stages of development and project development know-how. In parallel Enovos Luxembourg S.A. will also evaluate the acquisition of existing portfolios or turn-key opportunities in France. As an industrial investor in RE, Enovos Luxembourg S.A. aims to have full operational control over the assets and projects it develops and operates.

With the functional integration of the Enovos Future GmbH's O&M activities into the Renewables activities of the group, Enovos Luxembourg S.A. has laid the foundation for further growth in the field of PV O&M activities for in Germany, where a total of 263 MW in PV capacities (mainly 3<sup>rd</sup> party assets) are currently under contract. With the acquisition of DiSun, a small electrical services and maintenance provider specialized in PV power plants, Enovos Luxembourg S.A. has from Q4/2015 on further strengthened its competencies in PV operations and maintenance.

Several investment projects started in 2014 and earlier have been successfully commissioned in the course of 2015, in Germany via our subsidiary Enovos Rnewables GmbH, and in Luxembourg through our joint venture participation in Soler S.A.. In March 2015, the 4.1 MWp ground-mounted PV power plant Kröv (Rhineland-Palatinate) was connected to the grid, adding an additional 4 GWh of production to the portfolio. In May 2015, the 2nd construction phase of Windpark Schiffweiler was completed, raising the total capacity to 12.5 MW and adding a total annual production of 28 GWh to the green production portfolio. Finally, in Luxembourg, Windpark Kehmen-Heischent was extended by 3 wind turbines, each having 2.35 MW, raising the total capacity of the windfarm to 19.65 MW.

In Q4/2015, the decision was taken to acquire the projects rights for 2 new windfarm projects (Priesberg, 12.5 MW, Homburg, 9.6 MW) located in Saarland and subsequently continue the development of these projects with a target for commissioning in the second half of 2016.

The total net installed capacity in 2015 grew by 6% to 319 MW and the total production by 20% to 651 GWh.

Being an industrial investor in the field of RE also implies that Enovos Luxembourg S.A. strives for operational excellence in asset management. Therefore a first priority will be the complete implementation of the Olympia 2 action plan with a heavy focus on the turn-around of biogas assets by the end of 2016. In parallel the newly defined functional RE organization and the new processes and procedures for asset management and project development will be implemented in all RE entities throughout the group. This will include the implementation of an asset monitoring and a document management system to allow efficient follow-up as well as standardized management information systems to follow-up technical & financial KPI's of all assets in the portfolio.

### *Business IT*

In a fast changing environment with ever more complex solutions, information technology will become a key success factor towards a digitalisation of our industry.

The mission for the Business IT is to be the solution provider and business enabler for Enovos Luxembourg S.A. and its main subsidiaries with key characteristics: (i) clear and focused service, (ii) competitive cost base, (iii) efficient application landscape and (iv) digital competence (e.g. big data processing, smart forecasting algorithm, online monitoring of customer profiles and production assets).

To reach these ambitions, the Business IT department has been reinforced with key competencies during the year and will continue to develop its current and future core capabilities.

### **Personnel**

In order to support its growth strategy, the Company has increased its overall number of employees from 171 FTE at year end 2014 to 195 FTE at year end 2015. The Board of Directors and the Management of Enovos Luxembourg S.A. would like to thank all the employees for the fulfilment of their duties, for their contribution throughout the year and for their full support provided in implementing important changes which were at the basis of Enovos Luxembourg S.A.'s strong operational performance in 2015.

### **Financials**

The EBITDA - representing the operational result of the company - increased from EUR 34.93 million in 2014 to EUR 37.35 million in 2015 showing a historical high level. The strong operational performance is largely attributable to successful sales activities, mainly related to the Luxembourgish market, and overall improved sourcing conditions combined with positive portfolio management and trading activities

In the context of the annual impairment-testing process, the Board of Directors decided to book an exceptional depreciation on its assets held in two pulverised coal fired power plants of 19 MEUR. In addition, it was decided to depreciate partially the investments in Windpark Mosberg GmbH & Co. KG (0.7 MEUR) and La Benâte Energies S.à r.l. (2.2 MEUR) and to completely impair its investments in Twinerg S.A. (4.3 MEUR). It is further decided to depreciate completely the shareholder loan granted to Twinerg S.A. (2.4 MEUR). The total depreciation of financial assets on these 3 entities amounts to 9.7 MEUR.

As a result of the above mentioned effects, the net profit for the financial year amounts to 1.77 MEUR.

The overall capital expenditures in 2015 of 21.9 MEUR include the investment in Vialis (10% shareholding) of 11.1 MEUR, final instalments for the SEO 11th turbine (5.9 MEUR) as well as for various IT projects of 3.3 MEUR.



## Risk management objectives and policies

The main risks the Company has to manage are those relating to market risk, induced by the price volatility in the energy markets, credit risk towards clients and counterparties, risks related to past and future investments, operational and IT risks as well as risks relating to non-compliance with the increasing regulatory intervention in the energy market on a European level.

An early identification of possible risk factors is key to maintaining a stable business activity. For this reason, risk management is integrated in the daily business of Enovos Luxembourg S.A. across the entire organization and value-chain. A centralisation of possible risks as well as the definition of policies and guidelines assist the managers and foster the value-creation process.

The Risk Committee Markets is in charge of the general definition of risk tolerance, methodology and risk management tools. Through monthly and ad-hoc meetings, the Risk Committee Markets ensures the implementation of the risk policy for Enovos Markets.

On 25th October 2011, the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency ("REMIT") was adopted, introducing a framework to regulate insider dealing and market manipulation tailored on the needs and dynamics of wholesale energy markets and imposing a reporting obligation for wholesale energy products. On 4th July 2012, the European Parliament and the Council adopted Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (the so-called European Market Infrastructure Regulation, "EMIR") which introduces provisions to improve transparency and reduce the risks associated with the OTC derivatives market. Enovos Luxembourg S.A. has created a new, dedicated unit within Risk Management to proactively screen and follow-up on regulatory topics related to the above and other upcoming regulations concerning the wholesale energy markets Enovos Luxembourg S.A. is operating in. Supported by other internal stakeholders in its regulatory working group it has the lead to analyse the regulation's implications and prepare for the various obligations that Enovos Luxembourg S.A. will have to fulfil in order to ensure that it complies with the various EU obligations. In 2015 Risk Management successfully set up Phase I of REMIT transaction reporting, starting last October 7, and also prepared and performed the corresponding back-loading of transaction data for the end of the year. In 2016 Enovos Luxembourg S.A. will implement the Phase II of the mandatory transaction reporting obligation under REMIT and will start a deeper analysis of the potential impact of the upcoming updated rules for the Directive on markets in financial instruments (MIFID II) on Enovos' business, coming into force in 2018.

A proactive approach avoids unacceptable risk and should preserve the financial health of Enovos Luxembourg S.A. and its subsidiaries. Furthermore, a joint project between Enovos Luxembourg S.A. and the University of Luxembourg ensures that Enovos Luxembourg S.A. keeps track with current best practice and ensures a forward-looking stance of the risk management activity.

## Outlook

The company does not expect a major short term recovery on the energy markets and hence foresees energy prices remaining at low level. Enovos Luxembourg S.A. will also continue its growth in France in the large B2B segment and will reinforce its development towards Small and Medium enterprises especially for electricity due to the end the regime of "regulated sales tariffs" in France. After several successes in 2015, Enovos Luxembourg S.A. will address more intensively the segment of the public distributors in France by supplying gas, power and energy related services. In order to improve its commercial efficiency on the French market, Enovos Luxembourg S.A. will set up a new sales organisation for France during 2016, including a local foothold. In Belgium, Enovos Luxembourg S.A. will accelerate its growth through its new branch by extending its activities to Small and Medium enterprises and residential markets in the Walloon Region while continuing to develop the large B2B segment on the whole Belgian territory. Energy services will be progressively integrated in the offer starting in 2016 with photovoltaic turnkey solutions for B2B. The B2C and small B2B market will be addressed via an innovative and cost-efficient model developed in partnership with a Telco company. In order to regain profitability with the company's German activities, the profit improvement plan, initiated in 2015, will be implemented throughout 2016.

In the area of new products and services, Enovos Luxembourg S.A. will launch in the first half of 2016 its enosmart and enosolar solutions.

In line with its revised renewables strategy to further develop operations and maintenance activities, a dedicated company has been created in Q1/2016 named Enovos Renewables O&M GmbH; this company will regroup all existing O&M contracts in Germany and focus on further development of this business area. In order to further grow its renewable portfolio, Enovos Luxembourg S.A. is targeting new investments mainly in wind and photovoltaic.

Besides on going developments in all business fields, the company will foster innovation in 2016 and take an active role in innovative business models and solutions that may arise from the fast re-shaping of the energy sector. In this respect, a collaboration agreement has been signed with Technoport S.A. in Luxembourg in February 2016; the goal being to promote and support the creation and development of innovative and technology-oriented companies in Luxembourg.

#### **Change in the Board of Directors and Management of Enovos Luxembourg S.A.**

To replace Mr. Jean Lucius, who took over as CEO and chairman of the executive committee of Enovos International S.A., and in accordance with article 51 of the consolidated text of the Companies Act dated 10<sup>th</sup> August 1915, the amending Acts and Article 22.1 of the Statutes, the board members met on 25<sup>th</sup> June 2015 to co-opt Mr. Marc Reiffers onto the Board of Directors as of 1<sup>st</sup> August 2015, for the outstanding term of his predecessor's mandate. The annual general meeting of shareholders is invited to confirm this provisional nomination, which remains subject to its approval.

The Board of Directors appointed on 25<sup>th</sup> June 2015 Mr. Marc Reiffers as Executive Director and CEO as of 1<sup>st</sup> August 2015, in replacement of Mr. Jean Lucius.

On 7<sup>th</sup> March 2016, an extraordinary shareholders' meeting of Enovos International S.A. was held as a consequence of the change in the shareholding of Enovos International S.A. as a result of the sale of the shares held by RWE and E.on, 28.36% on total, to a consortium of the remaining shareholders and one new shareholder.

As a consequence of the amended shareholder agreement between the new shareholders of Enovos International S.A., Article 19.1 of the articles of association of Enovos Luxembourg S.A. has been amended in an Extraordinary General Meeting of Shareholders of the Company held on 9<sup>th</sup> March 2016 by the sole shareholder Enovos International S.A.. In this meeting, the shareholder furthermore acknowledged the resignation of directors Peter Frankenberg and Werner Roos, and nominated as new directors Mrs. Françoise Thoma, Mrs. Danielle Castagna, Mr. Guy Rosseljong and Mr. Nico Pundel to the board of Enovos Luxembourg S.A..

#### **Auditor**

The mandate of the external independent statutory auditor, Pricewaterhousecoopers, Société coopérative, has been extended in 2015 for 2 additional years until the audit of the financial year 2016.

#### **Proposed appropriation of net profit**

The profit available for appropriation of EUR 58,157,859 includes the net profit for the year of EUR 1,766,329 and the profit brought forward of EUR 56,391,530.

The Board of Directors proposes to the Annual Shareholder's Meeting, to be held on 10<sup>th</sup> May 2016, the following appropriation of net profit:

##### **Proposed appropriation of net profit**

Dividend of 1,50 Euros per share*	7,153,446
Allocation to the legal reserve	0
Allocation to the blocked reserve	0
Allocation to other reserves	0
Amount carried forward	51,004,413
	<u>58,157,859</u>

\* Number of shares 4,768,964

The Board of Directors

Esch-Alzette, 11<sup>th</sup> March 2016



## Audit report

To the Shareholders of  
**Enovos Luxembourg S.A.**

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### Report on the annual accounts

We have audited the accompanying annual accounts of Enovos Luxembourg S.A., which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Enovos Luxembourg S.A. as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

**Report on other legal and regulatory requirements**

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 11 March 2016

A handwritten signature in blue ink, appearing to read 'Christiane Schaus'.

Christiane Schaus



## Notes on the annual accounts

### Note 1 – General Information

Enovos Luxembourg S.A. (the "Company") was incorporated in Luxembourg under the name of Cegedel Participations S.A. on 2<sup>nd</sup> August 1993. The Company is registered under RCS No. B44683. In the context of the described operations below, the Company was renamed Enovos Luxembourg S.A. in 2009. The registered office of the Company is in Esch-sur-Alzette.

On 23<sup>rd</sup> January 2009, the shareholders of Cegedel S.A. and Saar Ferngas AG contributed their respective shares to Soteg S.A.. Then Soteg S.A. made a mandatory public offer for all Cegedel S.A. shares not yet in its possession and Cegedel S.A. was delisted after a successful squeeze-out process. A process of restructuring took place thereafter and resulted in a new energy group named Enovos, consisting of the parent company, Enovos International S.A. (formerly Soteg S.A.), and its two main subsidiaries, Creos Luxembourg S.A. (formerly Cegedel S.A.), in charge of grid activities, and Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.), dealing with energy generation, sales and trading activities. This restructuring was carried out with retroactive effect as of 1<sup>st</sup> January 2009. Enovos Luxembourg S.A. has a subsidiary, Enovos Deutschland SE (formerly Enovos Deutschland AG), for the German market and Creos Luxembourg S.A. has a subsidiary, Creos Deutschland Holding GmbH, for the German grid.

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were allocated to Enovos Luxembourg S.A. against a new share issue.

The main purpose of Enovos Luxembourg S.A. is to supply electricity and gas to customers in Luxembourg and abroad, and to perform trading activities. Enovos Luxembourg S.A. also holds several stakes in the energy-generation business, including significant interests in power-generation assets based on conventional and renewable energies.

#### Presentation of the comparative financial data

In order to further improve the presentation of the financial statements, the figures for the year that has ended 31 December 2014 relating to Prepayment, Cash in bank, Income tax and Other taxes have been reclassified to ensure comparability with the figures for the year ended 31 December 2015.

#### Annual accounts

The Company's accounting period runs from 1<sup>st</sup> January to 31<sup>st</sup> December each year. Enovos Luxembourg S.A. accounts are consolidated into the Enovos International S.A. financial statements, forming at once the largest and the smallest body of the undertakings of which the Company forms part as a subsidiary undertaking. Enovos International S.A. is established in 2 Domaine du Schlossgoard, L-4327 Esch-sur-Alzette. The consolidated accounts are available at this address.

### Note 2 – Authorisations

Following the two European directives 2003/54 and 55, of 26<sup>th</sup> June 2003, concerning common rules for the internal markets in electricity and natural gas, and the laws that transposed these directives into national law, namely the laws of 1<sup>st</sup> August 2007, as amended by the Laws of 18<sup>th</sup> December 2009, 17<sup>th</sup> October 2010 and 7<sup>th</sup> August 2012, regarding the organisation of the electricity and natural gas markets, transportation and distribution grid-management activities have been legally separated from the other activities of electric or gas power generation and sale.

### Note 3 – Summary of significant accounting policies

#### Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements, under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19<sup>th</sup> December 2002, determined and applied by the Board of Directors.

## Notes on the annual accounts (cont.)

**Note 3 – Summary of significant accounting policies (cont.)**

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Significant accounting policies**

The main valuation rules applied by the Company are the following:

**Foreign currency translation**

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance-sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance-sheet date, exchange losses and gains are recorded in the profit and loss account for the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total, according to the method described above, and net unrealised losses are recorded in the profit and loss account, and net unrealised exchange gains are not recognised.

**Intangible fixed assets**

Intangible fixed assets are valued at purchase price, including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off and value adjustments.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
Concessions, patents, licences, trademarks and similar rights and assets	4%-33.33%	Straight-line
Goodwill, to the extent that it was acquired for valuable consideration	10%	Straight-line

Where the Company considers an intangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Intangible fixed assets under development are valued at cost, based on the direct costs of the Company, and are reviewed annually for impairment.

## Notes on the annual accounts (cont.)

## Note 3 – Summary of significant accounting policies (cont.)

## Tangible fixed assets

Tangible fixed assets are valued at purchase price, including the expenses incidental thereto or at production cost. Tangible fixed assets are depreciated over their estimated useful economic lives.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Depreciation method
Other fixtures and fittings, tools and equipment	10%-25%	Straight-line

Investments that qualify from a tax point of view as finance lease are treated in accounting as finance lease as well.

Where the Company considers a tangible fixed asset to have experienced a lasting depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible fixed assets under development are valued at cost, based on the direct costs of the Company, and are reviewed annually for impairment.

## Fixed assets developed by the Company itself

The costs incurred on fixed assets under development created by the Company itself are recorded in the profit and loss account under caption "Fixed assets under development" during the year and are transferred at balance sheet date to the appropriate balance sheet caption.

## Financial fixed assets

Shares in affiliated undertakings and participating interests are recorded on the balance sheet at their acquisition cost, including the expenses incidental thereto. Amounts owed by affiliated undertakings and amounts owed by undertakings with which the Company is linked by virtue of participating interests are included at their nominal value. In case of an impairment that the Board of Directors considers as permanent in nature, value adjustments are made in respect to these long-term investments to apply the lower value to be assigned to them at the balance-sheet date. These value adjustments are not maintained when the reasons for making them have ceased to exist.

## Inventories

Raw materials and consumables are valued at the lower of purchase price, calculated on the basis of weighted average cost or market value. Value adjustments are recorded when the estimated realisable value of stocks is lower than the weighted average cost. These value adjustments are not maintained if the reasons for recording them have ceased to exist.

## Debtors

Debtors are recorded at their nominal value. Value adjustments are recorded when there is a risk that all or part of the amounts concerned may not be recovered. These value adjustments are not maintained if the reasons for recording them have ceased to exist.

## Transferable securities

Transferable securities are valued at their purchase price, including expenses incidental thereto, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

## Notes on the annual accounts (cont.)

## Note 3 – Summary of significant accounting policies (cont.)

## Transferable securities (cont.)

Market value corresponds to the latest available quote on the valuation day for investments listed on a stock exchange or traded on another regulated market.

## Derivative financial instruments

The Company may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. The Company initially records derivative financial instruments at costs.

At each balance-sheet date, unrealised losses are recognised in the profit and loss account, whereas gains are accounted for when realised. In the event of hedging of an asset or liability not recorded at fair value, unrealised gains or losses are deferred until recognition of the realised gains or losses on the hedged item.

## Prepayments

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

## Temporarily not taxable capital gains

Temporarily not-taxable capital gains include gains for which the taxation is deferred by virtue of Article 54 LIR (Income tax law). Such gains, which are rolled over, are recorded at their initial value. Reinvested gains are written off using the same method and over the same period as the assets to which they relate.

## Provisions

The aim of provisions is to cover clearly defined charges and liabilities, which, on the balance-sheet date, are either probable or certain, but for which the amount or date of occurrence cannot be determined with certainty. A review is carried out at year-end to determine the provisions to be recorded for the Company's liabilities and charges. Provisions recorded in previous years are reviewed annually and those no longer needed are released.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred as to their amount or the date on which they will arise.

## Provisions for pensions and similar obligations

The Company offers its employees a defined benefit plan and a defined contribution plan.

Defined benefit plan

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance-sheet date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments, by reference to the historical evolution of long-term interest rates.

Actuarial gains and losses are charged or credited in the profit and loss account in the period in which they arise.

Past-service costs are recognised immediately in the profit and loss account.

Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions paid are directly recorded in the profit and loss account during the year in which they are paid. The commitment of the Company is limited to the contributions that the Company has agreed to pay into the fund on behalf of its employees.



## Notes on the annual accounts (cont.)

## Note 3 – Summary of significant accounting policies (cont.)

## Non subordinated debts

Non subordinated debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued. All fixed costs related to setting up the facilities are depreciated over the duration of the loan.

## Deferred income

This liability item includes income received during the financial year or preceding years but relating to a subsequent financial year.

## Net turnover

Net turnover comprises sales of gas and electricity as well as of energy related services provided as part of the Company's ordinary activities, net of discounts, value-added tax and other taxes directly linked to sales. Trading sales are not included, as they are shown net of supplies, which is part of the policy to consider trading as a means to reduce procurement costs.

## Other operating income

Other operating income comprises all income only indirectly linked to normal business activities.

## Income from financial fixed assets

Dividend income is recorded when dividends are paid.

## Note 4 – Intangible fixed assets

Transactions for the year were as follows:

	Concessions, patents, licences, trademarks and similar rights and assets	Goodwill acquired for valuable consideration	Payments on account and intangible fixed assets under development	Total 2015	Total 2014
	€	€	€	€	€
<b>Gross book value - opening balance</b>	102,849,115	5,280,000	1,085,500	109,214,615	106,540,592
Additions for the year	860,743	0	2,285,097	3,145,840	2,852,262
Disposals for the year	0	0	0	0	(178,239)
Transfers for the year	419,429	0	(401,845)	17,584	0
<b>Gross book value - closing balance</b>	<b>104,129,287</b>	<b>5,280,000</b>	<b>2,968,752</b>	<b>112,378,039</b>	<b>109,214,615</b>
<b>Accumulated value adjustments - opening balance</b>	(22,489,847)	(2,280,000)	0	(24,769,847)	(5,791,228)
Allocations for the year	(5,683,060)	(375,000)	0	(6,058,060)	(4,978,619)
Exceptional depreciation for the year	(19,000,000)	0	0	(19,000,000)	(14,000,000)
Transfers for the year	0	0	0	0	0
<b>Accumulated value adjustments - closing balance</b>	<b>(47,172,907)</b>	<b>(2,655,000)</b>	<b>0</b>	<b>(49,827,907)</b>	<b>(24,769,847)</b>
<b>Net book value - closing balance</b>	<b>56,956,380</b>	<b>2,625,000</b>	<b>2,968,752</b>	<b>62,550,132</b>	<b>84,444,768</b>

On 1<sup>st</sup> January 2013, the Company started buying a flat base load of 50 MW power from two pulverised coal-fired power plants, under the terms and conditions of a long-term contract signed with RWE (see also note 23). Its share of financing the plants of EUR 89,466,245, has been fully paid up and is depreciated over a period of 25 years, which corresponds to the duration of the commitment. Owing to a new assessment of the profitability of the contract in the context of the Company's impairment-testing process, the Board of Directors decided to recognise an exceptional depreciation of EUR 19,000,000 in 2015, adding to the exceptional depreciation of EUR 14,000,000 already recognised in 2014 (see also note 14).

## Notes on the annual accounts (cont.)

## Note 4 – Intangible fixed assets (cont.)

The Board of Directors is further of the opinion that no other value adjustments of the intangible fixed assets are necessary.

The additions for the year of EUR 2,285,097 mainly concern software investments related to the required separation of the billing systems of Creos S.A. and Enovos Luxembourg S.A..

## Note 5 – Tangible fixed assets

Transactions for the year were as follows:

	Other fixtures and fittings, tools and equipment	Payments on account and tangible fixed assets under development	Total 2015	Total 2014
	€	€	€	€
<b>Gross book value - opening balance</b>	4,660,973	105,946,760	110,607,733	106,915,330
Additions for the year	111,050	5,975,313	6,086,363	4,528,689
Disposals for the year	(26,197)	0	(26,197)	(836,286)
Transfers for the year	109,724,615	(109,742,199)	(17,584)	0
<b>Gross book value - closing balance</b>	<b>114,470,441</b>	<b>2,179,874</b>	<b>116,650,315</b>	<b>110,607,733</b>
<b>Accumulated value adjustments - opening balance</b>	(3,317,906)	0	(3,317,906)	(3,601,866)
Allocations for the year	(1,307,205)	0	(1,307,205)	(296,040)
Reversals for the year	20,693	0	20,693	580,000
Transfers for the year	0	0	0	0
<b>Accumulated value adjustments - closing balance</b>	<b>(4,604,418)</b>	<b>0</b>	<b>(4,604,418)</b>	<b>(3,317,906)</b>
<b>Net book value - closing balance</b>	<b>109,866,023</b>	<b>2,179,874</b>	<b>112,045,897</b>	<b>107,289,827</b>

The Company has participated in the construction of the 11<sup>th</sup> turbine at the Vianden pumping station of SEO (see also note 23). This investment qualifies as a finance lease and consequently has been recorded in the books of Enovos Luxembourg S.A.. Production at the pumping station has started on 1<sup>st</sup> August 2015, so an amount of EUR 109,701,439 out of an total investment of EUR 111,798,438 has been transferred from the caption "Payments on account and tangible fixed assets under development" into the caption "Other fixtures and fittings, tools and equipment". The depreciation period mirrors the duration of the contract, which ends in 2063. A corresponding amount of the finance obligation of EUR 87,885,000 is posted under the heading "Other creditors becoming due and payable after more than one year" and EUR 11,320,612 is posted under the heading "Other creditors becoming due and payable within one year".

The Board of Directors is of the opinion that no value adjustments on tangible fixed assets are necessary.

## Notes on the annual accounts (cont.)

## Note 6 – Financial fixed assets

Transactions for the year were as follows:

	Affiliated undertakings		Undertakings with which the undertaking is linked by virtue of participating interests		Loans and claims held as fixed assets	Total 2015
	Shares €	Loans €	Shares €	Loans €	€	€
<b>Value at beginning of the year</b>	<b>327,768,492</b>	<b>34,604,802</b>	<b>14,491,148</b>	<b>20,380,279</b>	<b>5,500</b>	<b>397,250,221</b>
<b>Additions for the year</b>	<b>288,501</b>	<b>10,252,365</b>	<b>12,335,040</b>	<b>3,293,948</b>	<b>456,836</b>	<b>26,626,690</b>
City Mov S.à r.l.	288,500	0	0	0	0	288,500
Energiepark Trelder Berg GmbH	1	4,949,285	0	0	0	4,949,286
Enovos Solar Investments I S.r.l. Unipersonale	0	187,912	0	0	0	187,912
Enovos Solar Investments II S.r.l. Unipersonale	0	49,115	0	0	0	49,115
Energieageance S.A.	0	0	85,000	0	0	85,000
Soler S.A.	0	0	1,000,000	0	0	1,000,000
Active SmartHome S.A.	0	0	150,040	0	0	150,040
Vialis, S.A. d'économie mixte locale	0	0	11,100,000	0	0	11,100,000
Ferme Eolienne de la Côte du Gibet S.à r.l.	0	1,500,000	0	0	0	1,500,000
NPG Energy NV	0	3,566,053	0	0	0	3,566,053
SEO S.A.	0	0	0	1,500,000	0	1,500,000
Twining S.A.	0	0	0	1,793,948	0	1,793,948
Loan to customers (Enoheat)	0	0	0	0	456,836	456,836
<b>Disposals for the year</b>	<b>0</b>	<b>(2,972,340)</b>	<b>0</b>	<b>(3,524,737)</b>	<b>0</b>	<b>(6,497,077)</b>
Enovos Solar Investments I S.r.l. Unipersonale	0	(728,791)	0	0	0	(728,791)
Enovos Solar Investments II S.r.l. Unipersonale	0	(1,452,134)	0	0	0	(1,452,134)
La Benâte Energies S.à r.l.	0	(188,849)	0	0	0	(188,849)
Energiepark Trelder Berg GmbH	0	0	0	0	0	0
Ferme Eolienne de la Côte du Gibet S.à r.l.	0	(602,566)	0	0	0	(602,566)
SEO S.A.	0	0	0	(3,275,000)	0	(3,275,000)
NordEnergie S.A.	0	0	0	(249,737)	0	(249,737)
<b>Transfers for the year</b>	<b>12,265,270</b>	<b>(12,265,270)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Energiepark Trelder Berg GmbH	6,887,571	(6,887,571)	0	0	0	0
Enovos Solar Investments I S.r.l. Unipersonale	5,377,699	(5,377,699)	0	0	0	0
<b>Allocations of value adjustment for the year</b>	<b>(15,165,271)</b>	<b>0</b>	<b>(4,338,137)</b>	<b>(2,424,490)</b>	<b>0</b>	<b>(21,927,898)</b>
Energiepark Trelder Berg GmbH	(6,887,572)	0	0	0	0	(6,887,572)
Enovos Solar Investments II S.r.l. Unipersonale	(5,377,699)	0	0	0	0	(5,377,699)
La Benâte Energies S.à r.l.	(2,200,000)	0	0	0	0	(2,200,000)
Windpark Mosberg GmbH & Co. KG	(700,000)	0	0	0	0	(700,000)
Twining S.A.	0	0	(4,338,137)	(2,424,490)	0	(6,762,627)
<b>Reversals of value adjustment for the year</b>	<b>0</b>	<b>12,007,699</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,007,699</b>
Energiepark Trelder Berg GmbH	0	6,630,000	0	0	0	6,630,000
Enovos Solar Investments II S.r.l. Unipersonale	0	5,377,699	0	0	0	5,377,699
<b>Value at end of the year</b>	<b>325,156,992</b>	<b>41,627,256</b>	<b>22,488,051</b>	<b>17,725,000</b>	<b>462,336</b>	<b>407,459,635</b>

During the year, the Company completed a number of transactions:

- On 9<sup>th</sup> February 2015, the Company subscribed to an equity increase of EUR 288,500 in City Mov' S.à r.l..
- On 12<sup>th</sup> March 2015, the Company paid EUR 11,100,000 for a 10% stake in Vialis. S.A. d'économie mixte locale, a French company which supplies electricity and gas, cable TV, broadband Internet and telephony in Colmar (France).
- On 8<sup>th</sup> May 2015, the Company acquired additional 10% of Energieageance S.A. for EUR 85,000.
- On 26<sup>th</sup> October 2015, the Company, together with Entreprise des Postes et Télécommunications S.A., created Active SmartHome S.A. for an amount of EUR 15,500 and later subscribed to a capital increase of EUR 134,540. The purpose of the new company is to sell web services and smart connected devices.
- On 8<sup>th</sup> October 2015, the Company converted EUR 5,377,699 of its loan to Enovos Solar Investments II S.r.l. Unipersonale into equity. As a consequence the previous impairment booked on the shareholder loans has been reversed by this amount and transferred to the investment of the shares with no impact in the profit and loss statement (see also notes 17 and 19).

## Notes on the annual accounts (cont.)

## Note 6 – Financial fixed assets (cont.)

- On 7<sup>th</sup> August 2015, the Company acquired the remaining 20% of Energiepark Trelder Berg GmbH for EUR 1, as well as a loan for EUR 430,000. During the year, two new loan facilities of EUR 400,000 were granted to the company, as well as a credit facility of EUR 1,100,000, of which EUR 100,000 were drawn as of 31<sup>st</sup> December 2015. In December, the Company proceeded to a restructuring of the loans. First, two loans of EUR 3,940,000 were taken over from Enovos International S.A., then all loans save the credit facility were bundled into a new loan of EUR 11,479,285. The transfer of the loan from Enovos International S.A. and the new loan granted amount to a net total of new loans granted in 2015 of EUR 4,949,285. From the new bundled loan of EUR 11,479,285, an amount of EUR 6,887,571 was immediately converted to equity.  
As a total amount of EUR 6,630,000 has been impaired on the outstanding loans in 2014, that amount has been reversed under the caption "Income from financial fixed assets" (see also note 17). Furthermore, management decided to depreciate the value of the participation by the same amount of EUR 6,887,571, posted under the caption "Value adjustments and fair value adjustments on financial fixed assets" (see also note 19).
- On 30 November 2015, the Company granted a loan of EUR 1,500,000 to Ferme Eolienne de la Côte du Gibet S.à r.l..
- During 2015, the company granted further loans of EUR 3,566,053 to NPG Energy NV in Belgium.
- In the context of the annual impairment-testing process, the Board of Directors decided to depreciate partially its investments in Windpark Mosberg GmbH & Co. KG and La Benâte Energies S.à r.l., and to completely impair its investments in Twinerg S.A.. It is further decided to depreciate completely the shareholder loan granted to Twinerg S.A.. The total depreciation of financial assets on these 3 entities amounts to EUR 9,662,627.

The aforementioned loans bear interest at a rate calculated as per arm's-length conditions.

The Company owns the following affiliated undertakings and shareholdings (all above 20%, except Twinerg, Learning Factory and Vialis):

Company name	Headquarters	Proportion of capital held	Last year-end	Shareholders' equity at year-end	Of which profit for the year	Net book value 31/12/2015
		%		€	€	€
Enovos Deutschland SE	Germany	88.98%	12/31/2015	127,177,404	6,164,442	101,869,245
LuxEnergie S.A.	Luxembourg	60.35%	12/31/2015	36,935,025	3,519,590	5,213,935
Twinerg S.A. (*)	Luxembourg	17.50%	12/31/2015	28,579,397	(6,614,651)	0
Windpark Mosberg GmbH & Co. KG (*)	Germany	100%	12/31/2015	149,864	(158,736)	535,234
Steinergy S.A.	Luxembourg	50%	12/31/2015	467,728	136,843	50,000
Soler S.A.	Luxembourg	50%	12/31/2015	11,215,795	1,167,133	5,937,500
Cegycio S.A.	Luxembourg	50%	12/31/2015	4,536,242	1,269,663	954,390
Ceduco S.A. (*)	Luxembourg	100%	12/31/2015	4,144	(1,392)	0
NordEnergie S.A.	Luxembourg	33.33%	12/31/2015	1,300,175	326,884	100,000
Energiegence S.A. (*)	Luxembourg	50%	31/12/2014 (**)	843,637	2,114	233,736
Energiepark Trelder Berg GmbH	Germany	100%	12/31/2015	1,667,566	(4,154,022)	0
Enovos Generation GmbH	Germany	100%	12/31/2015	21,024	(240)	25,000
Enovos Power Beteiligung GmbH	Germany	100%	12/31/2015	25,610	(246)	25,000
La Benâte Energies S.à r.l. (*)	France	100%	12/31/2015	(123,020)	(18,763)	348,172
Enovos Solar Investments I S.r.l. Unipersonale (*)	Italy	100%	12/31/2015	591,699	(36,335)	0
Enovos Solar Investments II S.r.l. Unipersonale (*)	Italy	100%	12/31/2015	780,078	(140,821)	0
Aveleos S.A.	Luxembourg	59.02%	31/12/2014 (**)	18,981,334	(31,174,885)	0
Leo S.A.	Luxembourg	100%	12/31/2015	126,981,506	7,230,659	149,940,712
Ferme Eolienne de la côte du Gibet S.à r.l. (*)	France	100%	12/31/2015	(854,531)	(248,600)	276,800
Biogas Ohretal GmbH (*)	Germany	80%	12/31/2015	180,344	278,441	4,796,930
Biopower Tongeren NV (*)	Belgium	24.90%	12/31/2015	263,644	(169,503)	472,671
Encasol S.A. (*)	Luxembourg	50%	12/31/2015	786,782	138,819	320,000
Enovos Real Estate Luxembourg S.A. (*)	Luxembourg	100%	12/31/2015	35,974,306	(3,980)	36,000,000
Biogas Oebisfelde GmbH (*)	Germany	80%	12/31/2015	4,363,748	1,142,503	9,900,937
NPG Energy NV (*)	Belgium	50.98%	12/31/2015	5,007,531	(215,044)	5,782,758
Real Estate Enovos Esch S.A. (*)	Luxembourg	48.47%	12/31/2015	18,511,570	(597,884)	9,550,000
Suncoutim - Solar Energy, S.A. (*)	Portugal	34.09%	12/31/2015	4,022,758	114,012	1,565,389
Learning Factory S.A. (*)	Luxembourg	16.45%	12/31/2015	374,936	(248,000)	100,000
City Mov S.à r.l. (*)	Luxembourg	100%	31/12/2014 (**)	(270,557)	(119,469)	419,598
Active SmartHome S.A.	Luxembourg	50%	12/31/2015	297,367	(2,713)	150,040

(\*) unaudited figures

(\*\*) last available figures



## Notes on the annual accounts (cont.)

### Note 6 – Financial fixed assets (cont.)

The Board of Directors is of the opinion that no further value adjustments are necessary for these investments.

### Note 7 – Current assets

#### 7.1. Inventories

As of 31<sup>st</sup> December 2015, the Company owns gas stocks in France and Germany valued at EUR 47,376,773 (EUR 32,059,862 in 2014). A value adjustment of EUR 3,047,294 has been recognised in 2015 under the caption "Value adjustments on elements of current assets" (2014: EUR 2,278,600).

#### 7.2. Trade receivables

Trade receivables are mainly related to energy sales and trading activities.

Impairments of current assets are calculated for the customers for whom realisation of the outstanding receivable is not assured.

Value adjustments are recorded in the income statement under "Value adjustments on elements of current assets" for an amount of EUR 4,719,134.

### Note 8 – Amounts owed by and owed to affiliated undertakings

Enovos Luxembourg S.A. has entered into a cash-pooling agreement with Enovos International S.A., under which the Company pays/receives an interest rate based on Euribor 1 month plus or minus a margin for loans and deposits, respectively. As of 31<sup>st</sup> December 2015, the Company owes a cash amount of EUR 61,102,750 to the parent company, which is recorded under the heading "Amounts owed to affiliated undertakings". Included under the same heading are debts of EUR 22,564,214, which relate to commercial activities and an accrual for interest of EUR 6,049,315, to be paid on a long-term loan.

Included under the heading "Amounts owed by affiliated undertakings" are EUR 179,220,963, relating to commercial activities with affiliated undertakings. In 2014, this caption also included an amount of EUR 45,593,095 corresponding to the cash amount owed by the parent company.

The long-term loan agreement of EUR 200,000,000 is related to the back-to-back shareholder loan by Enovos International S.A. from the proceeds of the seven-year retail bond issued in June 2012 in consideration of the financing of current and future projects, including investments in conventional and renewable energy generation.

An amount of EUR 1,431,400, representing the Company's tax debts, was owed to Enovos International S.A. under the system of fiscal unity with its parent company (see note 15).

### Note 9 – Prepayments

In 2015, this heading mainly includes a quantity of prepaid gas valued at EUR 16,868,020 in the context of implementing a make-up clause in the Company's long-term gas contracts (2014: EUR 27,405,789).

Furthermore, are included power purchase contracts from 2014 to 2017 for an amount of EUR 858,000 (2014: EUR 3,092,000).

Finally, EUR 12,290,494 relates to realized power portfolio positions from 2016 to 2017 (2014: EUR 685,533).

In 2014, this caption also included EUR 12,082,732 corresponding to clearing accounts linked to the portfolio management. In 2015, management decided to reclassify this amount, qualified as restricted cash, under the caption Cash at bank. In 2015, the corresponding amount is EUR 25,211,075.

## Notes on the annual accounts (cont.)

## Note 10 – Capital and reserves

As at 31<sup>st</sup> December 2015, the Company's subscribed capital was EUR 119,224,100. The capital is fully paid-up and represented by 4,768,964 shares, with a nominal value of EUR 25 each.

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

The movements of the year are as follows:

	31/12/2014	Allocation of the previous year's profit	Profit for the year	31/12/2015
	€	€	€	€
Subscribed capital	119,224,100	0	0	119,224,100
Share premium and similar premiums	122,458,503	0	0	122,458,503
Legal reserve	11,922,410	0	0	11,922,410
Other reserves	61,100,000	0	0	61,100,000
Profit brought forward	126,444,705	(70,053,175) <sup>1)</sup>	0	56,391,530
Temporarily not taxable capital gains	23,615,759	0	0	23,615,759 <sup>2)</sup>
Result for the financial year	(70,053,175)	70,053,175 <sup>1)</sup>	1,766,329	1,766,329
<b>Total</b>	<b>394,712,302</b>	<b>0</b>	<b>1,766,329</b>	<b>396,478,631</b>

1) Decision of the ordinary general meeting of shareholders of 12<sup>th</sup> May 2015.

2) The temporarily non-taxable capital gain of EUR 23,615,759 results from the transfer of the building in Strassen to Real Estate Strassen S.A. in 2012, a subsidiary of Enovos Real Estate Luxembourg S.A.. The gain has been used for the acquisition of Enovos Real Estate Luxembourg S.A. and becomes taxable only when that subsidiary is sold.

## Note 11 – Provisions

## 11.1. Provisions for pensions and similar obligations

Under a supplementary pension scheme, Enovos Luxembourg S.A. has contracted a defined benefit scheme for staff members who started their employment with the Company before 1<sup>st</sup> January 2001. The Company is committed to pay a lump sum at the retirement of each employee. The amount reported in the balance sheet is estimated based on the following assumptions:

- retirement age taken into account for financing: 60 years
- yearly discount rate of 4.15%
- estimated wage at time of retirement.

Actuarial profits and losses are immediately recognised in the profit and loss account.

In addition, for a defined contribution pension scheme for employees who joined after 1<sup>st</sup> January 2001, the Company pays a contribution to an insurance company, that is recorded under expenses for the year. For 2015, expenses for the defined contribution pension scheme amount to EUR 397,477 (2014: EUR 349,285).

## Notes on the annual accounts (cont.)

## Note 11 – Provisions (cont.)

## 11.2. Other provisions

The "Other provisions" heading mainly comprises provisions to cover risks related to energy trading for a value of EUR 178,434 (2014: EUR 1,595,975), representing the negative impact against the market valuation of the Company's proprietary trading positions when netting by commodity type and by maturity year. For all commodity types and maturities together, the net position is EUR 313,225 (see also note 21 – Financial derivatives).

Furthermore, this heading includes a provision of EUR 18,225,000 (2014: EUR 17,850,000) related to guarantees issued in the context of the Company's participations in Aveleos S.A., Enovos Solar Investments I S.r.l. Unipersonale and Enovos Solar Investments II S.r.l. Unipersonale. In 2015, a supplementary provision of EUR 375,000 has been posted to cover some litigation risk in relation with Enovos Solar Investments II S.r.l. Unipersonale.

This heading comprises also provisions to cover untaken holidays for employees for an amount of EUR 1,226,270 (2014: EUR 1,162,405).

## Note 12 – Deferred income

This heading relates to derivatives used to hedge operations to be settled in subsequent years.

Furthermore, this heading also includes a credit note received from E.ON Energy Sales GmbH in relation to the renegotiation of the "*Rahmen-Gaslieferungsvertrages*" for the delivery of gas for the period 2013 to 2016. This credit note is depreciated monthly, depending on the quantity purchased. (2015: EUR 3,196,923; 2014: EUR 6,153,710).

## Note 13 – Staff costs

Staff costs include salaries, social security costs as well as costs for the pension plans. Total staff costs amount to EUR 19,809,410 in 2015 (2014: EUR 17,561,516). 189 people were employed by the Company, on average, in 2015 (2014: 167).

## Note 14 – Value adjustments on formation expenses and on tangible and intangible fixed assets

	2015	2014
Value adjustments on intangible fixed assets (note 4)	6,058,060	4,978,619
Extraordinary value adjustment on intangible fixed assets (note 4)	19,000,000	14,000,000
Value adjustments on tangible fixed assets (note 5)	1,307,205	296,040
<b>Total</b>	<b>26,365,265</b>	<b>19,274,660</b>

## Note 15 – Income Tax

Enovos Luxembourg S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws.

## Notes on the annual accounts (cont.)

## Note 15 – Income Tax (cont.)

Since 2009, Enovos Luxembourg S.A. is part of a fiscal unity with Enovos International S.A., Cegedel International S.A. and Enovos Ré S.A. In 2012, LEO S.A. became part of that fiscal unity, joined by Real Estate Enovos Esch S.A. and Enovos Real Estate Luxembourg S.A. in 2014. In the context of fiscal unity, taxes are recorded as follows:

- Tax expenses are booked in the subsidiaries' accounts as would be the case if there were no fiscal unity;
- Tax savings relating to a loss-making subsidiary are recorded as a deduction of tax expenses in the head of the fiscal unity;
- The head of the fiscal unity (i.e. Enovos International S.A.) books the tax provisions on the basis of the consolidated results of the companies included in the fiscal unity.

As the liabilities to tax authorities are generally becoming due after less than one year, it has been decided to reclassify the amounts owed to the parent company accordingly.

In order to benefit from the fiscal unity system, the companies concerned have agreed to be part of the fiscal unity for a period of at least five financial years. This means that, if the conditions laid down in Article 164bis LIR (Income tax law) are not met at any time during this five-year period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

## Note 16 – Net turnover

Net turnover for the year breaks down as follows:

	2015	2014
	€	€
<b>Categories of activity:</b>		
Electricity sales and accessories for the supply of electricity	913,688,860	979,391,987
Gas sales and accessories for the supply of gas	622,875,301	785,970,444
Other sales	13,969,102	12,004,336
<b>Total</b>	<b>1,550,533,263</b>	<b>1,777,366,767</b>
<b>Geographical markets:</b>		
France	142,686,805	118,428,309
Belgium	64,261,333	54,248,628
Germany	732,186,269	859,329,095
Luxembourg	611,173,362	745,315,713
England	225,494	45,022
<b>Total</b>	<b>1,550,533,263</b>	<b>1,777,366,767</b>

Trading sales are not included in these amounts, as they are shown net of supplies, which is part of the policy to consider trading as a means to reduce procurement costs.

## Note 17 – Income from financial fixed assets

This heading includes dividends received from affiliated undertakings and other holdings.

Furthermore, in 2015, this heading also includes a reversal of the value adjustment of the shareholder loans in Energiepark Trelder Berg GmbH and Enovos Solar Investments II S.r.l. Unipersonale of EUR 12,007,699 (see also note 6).

## Notes on the annual accounts (cont.)

**Note 18 – Other operating income**

The “Other operating income” heading mainly comprises re-invoicing of costs to affiliated companies.

**Note 19 – Value adjustments and fair value adjustments on financial fixed assets**

As a consequence of the conversion of part of the loans in Energiepark Trelder Berg GmbH and Enovos Solar Investments II S.r.l. Unipersonale into equity, the Company decided to completely impair the equity value of both companies by a total of EUR 12,265,270 (see also notes 6 and 17). The net impact on the profit and loss statement of the Company of these transactions is EUR 257,572.

In 2015, the Company assessed the equity value of three of its subsidiaries, La Benâte Energies S.à r.l., Windpark Mosberg GmbH & Co. KG and Twinerg S.A.. The Board of Directors decided to recognize an impairment on financial asset of EUR 9,662,627 and to set back a additional provision of EUR 375,000 to cover financial guarantees issued in regards to Enovos Solar Investments II S.r.l. Unipersonale (see also notes 6 and 11.2).

**Note 20 – Remuneration paid to members of the administration and supervisory bodies**

Remuneration paid to members of the board totalled EUR 433,500 (2014: EUR 428,000). No advance or loan was granted to members of the administration and supervisory bodies, nor was any commitment given on their behalf in respect of any form of guarantee.

**Note 21 – Financial derivatives**

The Company is further engaged in spot and forward electricity and gas trading on organised markets and by private sales. These transactions are carried out using various instruments. Among these instruments are forward contracts, which involve final delivery of electricity and gas, swap contracts, which entail promises of payment to and from counterparties in conjunction with the difference between a fixed price and a variable price indexed on underlying products, options and other contractual agreements.

These contracts are not accounted for on the balance sheet, as the Company has opted to not take up the option to use fair value accounting in its annual accounts. Only the unrealised losses are accounted for in income statements, in accordance with prudence principles.

**Derivative financial instruments – Sell positions**

	31/12/2015	31/12/2014
	€	€
Financial derivatives on electricity futures	8,301,203	118,451,168
Other financial derivatives	2,960,384	2,080,819
<b>Total</b>	<b>11,261,588</b>	<b>120,531,988</b>

## Notes on the annual accounts (cont.)

## Note 21 – Financial derivatives (cont.)

## Derivative financial instruments – Buy positions

	31/12/2015	31/12/2014
	€	€
Financial derivatives on electricity futures	(8,073,939)	(116,392,274)
Other financial derivatives	(2,874,423)	(4,746,804)
<b>Total</b>	<b>(10,948,363)</b>	<b>(121,139,078)</b>

The total nominal value (purchases and sales) of derivatives contracts and the net fair value break down as follows:

	31/12/2015		31/12/2014	
	€		€	
	Nominal value	Fair value	Nominal value	Fair value
Financial derivatives on electricity futures	386 335 304	227 264	946 712 336	2 058 895
Other financial derivatives	123 029 635	85 961	56 368 104	(2 665 985)

The net fair value of the derivative contracts amounts to EUR 313,225. A provision of EUR 178,434 is recorded in the books of the company to account for this negative position (see also note 11.2. – Other provisions).

## Note 22 – Related parties transactions

During the financial year, the Company did not conclude any significant transactions with related parties which were not done at market conditions.

## Note 23 – Off-balance-sheet commitments

Commercial commitments

The Company concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. The Company has thus contracted purchase commitments for physical delivery of electricity and gas amounting to EUR 1.21 billion, as of 31<sup>st</sup> December 2015 (2014: EUR 1.84 billion). The amount of the aforementioned forward purchase contracts includes only forward contracts signed with counterparties. In addition, the Company holds several long-term gas-sourcing contracts for which the off balance sheet commitments between 31<sup>st</sup> December 2015 until 30<sup>th</sup> September 2016, amounting to EUR 229.5 million (2014: EUR 818.4 million) and long-term electricity-sourcing contracts amounting to EUR 135.2 million (2014: EUR 152 million). In addition, Enovos Luxembourg has natural gas purchase commitments from the 1<sup>st</sup> of October 2016 until 2025 for a volume of 60.7 TWh, for which prices will be settled during contract renegotiations. The cross-border gas-transportation capacity commitments account for EUR 49.1 million and run until 2025 (2014: EUR 102 million).

In the context of investment in a stake (finalised in 2012) in two pulverised coal-fired power plants owned by RWE AG, Enovos Luxembourg S.A. also committed to buy a flat base load of 50 MW of electricity per year until the year 2037.



## Notes on the annual accounts (cont.)

## Note 23 – Off-balance-sheet commitments (cont.)

For its activities as an electricity distributor in Belgium, the Company is obliged to deliver a certain amount of quota (green) certificates and guarantee of origin certificates to local regulators. In order to respect its obligations, the Company, as of 31<sup>st</sup> December 2015, has a commitment, for the period 2016-2020, to purchase certificates valued at EUR 12.1 million from producers of alternative sources of energy (2014: 20.5 million).

The Company further entered into a variety of financially settled derivative contracts (mainly futures and swaps in gas and electricity) in order to hedge the procurements for customer business and assets. As of 31<sup>st</sup> of December 2015, the unrealised loss of these transactions amounts to EUR 0,287 million (2014: EUR - 4,6 million).

Financial commitments

In the context of its conventional energy business, Enovos Luxembourg S.A. issued a parent company counter-guarantee for the benefit of Electrabel S.A. regarding Twinerg S.A.'s financing contract with the European Investment Bank for a current amount of EUR 1,466,563 (2014: EUR 2,812,343). In addition, a parent company guarantee of EUR 2,100,000 has been issued for the benefit of Engie S.A. in relation to a credit facility agreement entered into between the latter and Twinerg S.A. (2014: EUR 2,100,000).

Enovos Luxembourg S.A. took over a commitment related to a Memorandum of Understanding signed with SEO S.A., RWE Power AG and the State of Luxembourg for the enlargement of the Vianden pumping station. Under an amendment dated 16<sup>th</sup> June 2011, the company committed to proportionally finance the bank loan taken out by SEO S.A.. In addition, Enovos Luxembourg S.A. agreed to provide up to EUR 20,000,000 in shareholder loan financing, out of which EUR 1,000,000 were undrawn as of 31<sup>st</sup> of December 2015.

In the context of its renewable energy business, Enovos Luxembourg S.A. issued a parent company guarantee to the lenders of Biopower Tongeren NV for a total amount of EUR 7,292,186 (2014: EUR 7,846,770). In addition, the company provided joint liability declarations amounting to EUR 2,665,926 (2014: EUR 3,629,297) as performance bonds under the loan and lease agreements entered into between Energiepark Trelderberg GmbH and UniCredit Group. Enovos Luxembourg S.A. also provided a letter of comfort amounting to EUR 200,000 to ensure commitments arising from a bank loan agreement entered into by Windpark Mosberg GmbH.

Within the framework of the sales process of photovoltaic installations held by Aveleos S.A., Enovos Luxembourg S.A. provided parent company guarantees amounting to EUR 23,312,900 to hold the buyer harmless from contingent liabilities. A provision of EUR 15,050,000 has been posted in 2014 to cover the risks on part of these guarantees,

Enovos Solar Investment I S.r.l. Unipersonale has outstanding operating lease obligations for a total amount of EUR 14,396,922 million (2014: EUR 15,446,958) maturing in 2029. All leasing obligations are guaranteed by a comfort letter issued by Enovos Luxembourg S.A..

Enovos Luxembourg S.A. has entered into an interest rate swap agreement in order to hedge its floating rate exposure from a loan it had received from Enovos International S.A. to refinance Enovos Solar Investment II S.r.l. Unipersonale. As of 31<sup>st</sup> of December 2015, the notional amount equals EUR 17,356,110 (2014: EUR 18,489,029) with a negative fair value of EUR -1,855,000.

Enovos Luxembourg S.A. also granted a company guarantee amounting to EUR 12,657 to cover contingent losses from erroneous wire transfers that have been reimbursed to the Company.

Bank and parent company commitments

By order of Enovos Luxembourg S.A., the Company's core banks have issued a number of bank guarantees to its suppliers, in the context of its regular business, totalling EUR 8,494,392 (2014: EUR 7,454,003).

In the context of the on-going litigation in Italy, Enovos Luxembourg S.A. ordered a bank guarantee for the account of Enovos Solar Investments II S.r.l. Unipersonale amounting to EUR 7,494,558 for the benefit of the Italian authorities.

## Notes on the annual accounts (cont.)

### Note 23 – Off-balance-sheet commitments (cont.)

The Company further requested a bank guarantee of EUR 3,975,510 for the benefit of Twinerg S.A. as a performance bond for its financial commitments towards the latter.

In addition, Enovos International provided Enovos Luxembourg S.A. with a total amount of EUR 134,601,035 in parent company guarantees and letters of comfort, mainly as collateral under existing EFET and ISDA agreements.

#### Other off balance guarantees

For the electricity and gas trades, Enovos Luxembourg S.A. has received from counterparties parental support letters totalling EUR 70,150,000 (2014: EUR 55,000,000).

Within two of its renewable companies, Enovos Luxembourg S.A. agreed to a put option upon which it is obliged under certain conditions to acquire the shares from the minority shareholder.

### Note 24 – Subsequent events

During the first quarter 2016, Enovos Luxembourg negotiated with the shareholders of Twinerg a new loan agreement of EUR 4,962,493.00 upon which the financial obligation to finance Twinerg will be completed and any bank guarantee in connection with this commitment (EUR 3,975,509.71) as well guarantees granted to Engie (former GDF) being EUR 2,100,000 and Electrabel EUR 1,466,563 will be released.

There are no further post-balance sheet events affecting the 2015 annual accounts.





## Annual General Meeting of Shareholders Enovos Luxembourg S.A.

R.C.S. Luxembourg No B 44.683

registered office:  
2, Domaine du Schlassgoard  
L-4327 Esch-sur-Alzette

### Extract of

**Minutes of the Annual General Meeting of Shareholders  
held at the registered office of Enovos Luxembourg SA  
on May 10<sup>th</sup>, 2016, at 09.30 a.m.**

*The meeting is chaired by Mr. Marco Hoffmann, Chairman of the Board of Directors, Mr Jean-Paul Wagner is appointed secretary, and M<sup>r</sup> Philippe Nalinov and M<sup>rs</sup> Nathalie Herzeele are appointed scrutineers, to constitute the "bureau".*

The bureau of the meeting, being thus duly formed, ascertains that the meeting has been validly convened by proper notices sent by courier or express mail dated April 26<sup>th</sup>, 2016, to the Shareholders of record. The Shareholders unanimously confirm to have been validly convened for the Annual General Meeting of Shareholders.

Out of 4.768.964 registered shares issued by Enovos Luxembourg S.A. (the "Company"), all shares are present or represented by proper power of attorney. The names of the Shareholders present and represented by power of attorney are recorded on an attendance list which also indicates the number of shares respectively held by each of them. Such attendance list is signed by each Shareholder or his attorney and by the members of the bureau of this meeting and is attached to the present minutes.

Proxies from the Shareholders represented at the present meeting are also attached to the present minutes.

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**THIRD RESOLUTION**

IT IS HEREBY RESOLVED unanimously that the 2015 profit available for appropriation shall be allocated as recommended by the Board of Directors:

Net Profit of the year 2015	1.766.329 €
Profit brought forward	<u>56.391.530 €</u>
Total available	58.157.859 €
Dividend of 1,50 €/share (4.768.964 shares)	7.153.446 €
Allocation to the legal reserve	0 €
Profit carried forward	<u>51.004.413 €</u>
Total allocated	58.157.859 €

The Shareholders endorse the recommendation of the Board of Directors and decide to pay a dividend of 1,50 €/share, in total 7.153.446 €.

The dividend will be paid until May 31<sup>st</sup>, 2016, latest.

This is certified to be an Extract of Minutes of the signed Minutes of the Annual General Meeting of Shareholders of Enovos Luxembourg S.A. held on May 10<sup>th</sup>, 2016.

Esch-sur-Alzette  
July 13th, 2016

Jean-Paul Wagner  
Secretary General